(Task #<u>1729</u>)

Bond Release Findings

Mine Name: <u>Pearl Queen</u>   **I.D. No.**: <u>M/001/027</u>
Operator: <u>Basin Perlite Company</u>   **Mineral Ownership**: <u>BLM/SITLA</u>
<u> </u>   **Surface Ownership**: <u>BLM/SITLA</u>
<u> </u>   **Permit Term**: *1997*

Disturbed Area: 21.84   **Acres Bonded: 21.84**
Regraded: 10.2   **Acres Proposed for <mark>Partial</mark> Release: 10.2**
Reseeded: 10.2   **Acres Released: 10.2 Regrading release**
    Acres Remaining: 21.84

<u>**Surety**</u>
Amount: <u>$101,661</u>
Form: <u>CD</u>
Amount Proposed for Release: <u>$35,279</u>
Amount Released: <u> </u>
Amount Remaining: <u>$66,382</u>

Setting and Premining Environment
The site is located Northwest of Milford, Utah, just to the East of the Blundell geothermal plant. It is a mountainous area in the foothills of the Minerals Mountains.

Operations
The site was open pitted for perlite and the ore was taken to Milford to be processed.

Hole Plugging
N/A

Reclamation
The site was reclaimed in the winter of 2006 between the period of January 9 to January 14. The reclamation consisted of three phases of work. Topsoil was spread from existing piles and spread using a dozer to approximately 6 inches. Perlite rubble was amended with 5 tons /acre of manure and spread to a depth of 12 inches. The ground was roughened and ripped to a depth of 2-3 feet. This roughening was accomplished using both a track hoe and dozer. This was accomplished between January 16 and January 18, 2006. The site was seeded with the recommended mix using a total of 11.5 pounds of seed per acre and increasing that to 17.25 pounds / acre. The seeding did occur over 4 inches of snow. The seeding was done on January 20, 2006

Mine Engineering

Public Safety: The site was left accessible and the access road was left in place. All highwalls were eliminated the site was reclaimed to eliminate all safety hazards with no hazardous materials left behind.

Slopes and Highwalls. None left

Hydrology

Drainages: The site sits on top of a hill and therefore only has the drainage or storm water that falls directly on it. Runoff is not an issue as there is not any significant storm water drainage leaving the site.

Dams, Impoundments, Trenches, and Pits: None

Erosion Control. There has not been any erosion control problems to date.

Roads: The access road will need to be reclaimed once the site is released and no further seeding is needed.

Revegetation

Post mining land use: Wildlife and grazing.

Topsoil. Topsoil was spread from existing piles and spread using a dozer to approximately 6 inches. Perlite rubble was amended with 5 tons /acre of manure and spread to a depth of 12 inches. The ground was roughened and ripped to a depth of 2-3 feet.

Revegetation. The site was seeded with the recommended mix using a total of 11.5 pounds of seed per acre and increasing that to 17.25 pounds / acre. The seeding did occur over 4 inches of snow. The seeding was done on January 20, 2006. To date the seeding has not been successful and it is recommended that the site be reseeding this fall. Mainly tumbleweed has sprouted and there is no evidence of any of the planted species.

Recommendation
The operator has requested regrading release. The 10.2 acres was well regraded and money can be released for this, but since the revegetation did not work, no money can be released for that. We will keep back $1,000/ acre plus a $ 2,000 mobilization fee. Assuming 10.2 acres, this amounts to $12,200. At an average cost per acre for the current bond of $4654.80, the 10.2 acres reclamation surety liability currently is $47,479. This current liability minus the reseeding costs of $12,200, allows for a release of regrading liabilty of $35,279.

_____   _____
Permit Lead   Date

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From: Tom Munson
To: John Blake
Date: 8/23/2007 2:58 PM
Subject: I need concurrence on release of bond- Pearl Queen Perlite

John,
The operator has completed the regrading in 1/2006 on the Pearl Queen Pit and wants a release of regrading $ in the amount of $35,279, leaving $12,200 to reseed the pit since nothing grew except tumbleweeds. Tom